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REPORT OF AGRICULTURISTS RELIEF COMMITTEE IN MYSORE

1935

N. Madhava Rau
Chairman

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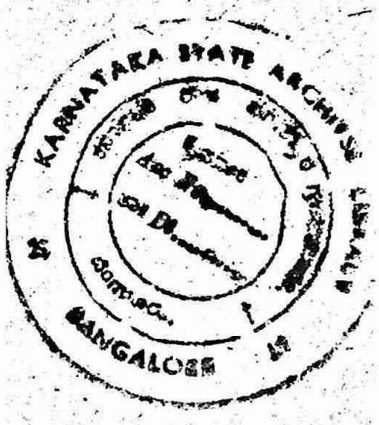

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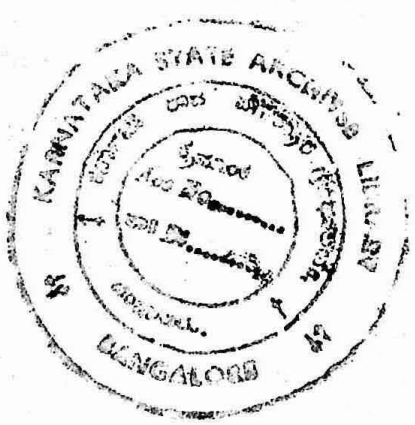


GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. R. 2652-723—L. R. 208-34-4, dated 30th October 1935.

Report of the Agriculturists' Relief Committee in Mysore.

Passes orders on the ——.

READ—

Government Order No. R. 302-73—L. R. 221-33, dated 20th July 1934, appointing a Committee to advise Government in the matter of affording further relief to the raiyats in the present period of depression.

2. Letter No. C. 308, dated 18th January 1935, from the Chairman of the Committee, submitting their report.

ORDER No. R. 2652-723—L. R. 208-34-4, DATED BANGALORE, THE 30TH OCTOBER 1935.

The continuous fall in the prices of agricultural produce in the State during the past few years has been causing considerable anxiety to the people and the Government. Various measures have been sanctioned from time to time to afford relief to the agricultural population. At the session of the Legislative Council held in June 1934, several non-official members urged that the concessions sanctioned by Government were inadequate and that the extension of the Agriculturists' Relief Regulation to the whole State had added to the trouble by disturbing the credit of the agricultural classes. Government thereupon appointed a Committee consisting of the following official and non-official gentlemen to study the situation and submit their recommendations :—

Personnel of the Committee and terms of reference.

1. Mr. N. Madhava Rau, B.A., B.L., Revenue Commissioner in Mysore (now Member of Council), (CHAIRMAN).
2. ,, K. V. Anantaraman, B.A., Officiating Inspector-General of Police (now Revenue Commissioner) in Mysore.
3. ,, A. K. Yegnanarayana Iyer, M.A., N.D.D., Director of Agriculture (since retired).
4. ,, T. G. Rama Iyer, B.A., Deputy Commissioner, Kolar.
5. ,, M. G. Mehkri, B.A., LL.B., Registrar of Co-operative Societies in Mysore.
6. ,, T. V. A. Isvaran, B.A., Deputy Commissioner, Shimoga.
7. *Rajasabhabhushana Diwan Bahadur* K. R. Srinivasa Iyengar, M.A., retired Member of Council.
8. *Rao Bahadur* B. K. Garudachar, President, City Municipal Council, Bangalore.
9. Mr. J. Mohamed Imam, B.A., B.L., Member, Legislative Council, Jagalur.
10. ,, K. Chengalaraya Reddy, B.A., B.L., Member, Legislative Council, Bowringpet.
11. ,, B. S. Puttaswamy, B.A., B.L., Member, Legislative Council, Mysore.
12. ,, Hosakoppa Krishna Rao, Member, Representative Assembly, Hosakoppa, Kadur District.
13. ,, S. K. Venkataramana Iyer, B.A., B.L., Assistant Commissioner (SECRETARY).

The Committee were requested (1) to make a rapid enquiry into the extent to which the fall in the prices of agricultural produce in recent years had affected the resources, debt obligations and credit facilities of the land-owning and cultivating classes in different parts of the State ; and (2) to report upon the nature and extent of the assistance that might be given to relieve them from the difficulties caused by the present depression, after an examination of the several measures suggested in this behalf, and having in view the present financial condition of the State.

2. Pending the formulation of detailed proposals on the several points referred to them, the Committee submitted *interim* recommendations to Government for the grant of certain urgent measures of relief. These are referred to in detail in Annexure I to this order, in which the orders of Government thereon are also indicated.

Interim recommendations.

No. R. 2652-723—L. R. 203-34-4, DATED 30TH OCTOBER 1935.

Classification of main recommendations.

3. The Committee have considered the matters referred to them in a thorough and exhaustive manner, and have now submitted their final report. The subjects considered by them may be classified under the following heads:—

1. *Dues to Government.*—
   (*a*) Concessions in regard to the payment of land revenue and remission of assessment;
   (*b*) Reduction of land revenue demand on a percentage basis;
   (*c*) Concessions in regard to miscellaneous demands, such as fees under the Record of Rights Regulation, liability for tank maintenance, etc.
2. *Agricultural Indebtedness.*—
   (*a*) Relief in respect of decrees obtained by Co-operative Societies;
   (*b*) Constitution of Debt Conciliation Boards;
   (*c*) Reduction of interest on debts of agriculturists.
3. *Agricultural Finance.*—
   (1) Concessions in respect of the grant and recovery of land improvement and takavi loans;
   (2) Extension of co-operative institutions and land mortgage societies.

Extension of concessions regarding collection of land revenue and other demands.

4. Government have already sanctioned several measures of relief in regard to remission of revenue, moderation of miscellaneous demands and relaxation of coercive processes. The Committee have recommended that these concessions, which afford fairly tangible relief to the agriculturists, and which had lapsed at the end of December 1934 should be continued so long as the present depression lasts. Government accepted the recommendation of the Committee and extended the concessions up to the end of June 1935. They will be prepared to extend them further if the depression continues.

Collection of overdue instalments of land revenue.

5. The land revenue is at present collected in four instalments, commencing from February. On default in the payment of any one instalment, the occupant is liable to be called upon to pay the entire demand for the year, including the instalments which have not fallen due. The Committee consider that it will be a relief to the raiyats if they are allowed to pay only the overdue instalments and if coercive steps are suspended on such payment. Government accepted the recommendation and directed that this concession be allowed during the year 1934-35. The Committee consider that, in areas where cotton is the principal crop, the land revenue can be paid by the raiyats only after March or April as the crop is generally harvested in March. They, therefore, suggest that the adoption of coercive steps for recovery of assessment in those taluks where the bulk of land revenue is collected from lands on which cotton is grown may be deferred till the end of March. Government accept this recommendation. The Revenue Commissioner is requested to issue necessary instructions accordingly.

Special concessions for dry lands.

6. In view of the failure of crops in 1934-35 in certain parts of the State, following a series of years of depression, the Committee suggested that, in tracts where the crops had completely failed and the conditions bordered on distress, the question of granting some concession by way of remission of a part of the assessment on dry lands might be favourably considered. The existing rules make no provision for the remission of dry assessment in case of failure of rains; but in tracts which have suffered severely by drought, Government are always prepared, as a special concession outside the rules, to sanction suspensions and where necessary, even remission of a portion of the demand. Accordingly, Government have sanctioned the remission of 25 per cent of the dry assessment in some of the affected tracts in the Kolar District.

Change in the wet assessment remission rules.

7. Under the existing rules, the remission of half the wet assessment may be sanctioned if, owing to failure of rains, more than half the area of wet lands under a tank has remained uncultivated, or, if cultivated, has yielded a crop of not more than four annas and if, further, the tract has already been so impoverished or the previous years' harvests have been so poor as to render relief necessary. The second condition was relaxed last year and Deputy Commissioners were

instructed not to withhold recommendations for remission in cases which satisfied the other conditions of eligibility, merely on the ground that the previous harvests in the tract had been normal. The Committee considered that, as the economic depression still continued, this restrictive condition should be suspended during 1934-35 also. Government accepted this recommendation. The Committee also suggested that the other condition, namely, that more than half the area should have remained uncultivated should also be relaxed as the entire *atchkat* under certain tanks may not be cultivated even in normal years. Under the system followed in Mysore, the rates of assessment are based on considerations of average yields of crops over a series of years of good, moderate and deficient rainfall. There was thus no provision in the rules formerly for remission, but Government have, in recent years, adopted a policy of granting a remission of a portion of the wet assessment when there is a widespread failure of crops due to drought, flood, etc. The rule that remission of half wet assessment may be sanctioned only when at least half the *atchkat* has been affected is intended to ensure that the relief is limited to cases of failure of rains over an entire tract, and is not given when only a few individual fields suffer. In a season of widespread drought, the probability is that practically the whole of the *atchkat* remains uncultivated or yields four annas or less. The rule is not likely to cause any hardship in practice and Government do not consider it necessary to relax it. As regards the *quantum* of remission, one-half of the wet assessment is ordinarily remitted. But in cases where dry crops are raised and yield more than an eight-anna crop, the amount remitted is one-half of the difference between the wet and dry rates. In respect of lands which are not cultivated at all, or, if cultivated, have yielded a crop of four annas and less, a majority of the members of the Committee consider that the return to the raiyat in such cases may not even cover the cost of seed and other expenses of cultivation. They, therefore, recommend that, in these cases, the highest dry rate or half the wet assessment, whichever is less, may be imposed and the balance remitted. But the other members feel that the grant of remission of half the wet assessment is itself a concession and that the circumstances of the present situation do not warrant a wholly different method being adopted for determining the amount of remission to be given in such cases. Government consider that the existing rule is quite equitable and requires no modification.

Reduction of land revenue demand on a percentage basis.

8. Representations have been made to Government in the Representative Assembly and elsewhere that the burden of land revenue has increased owing to the fall in prices and that the payment of land revenue at the existing rates constitutes one of the causes of agricultural indebtedness. Two proposals have been made to deal with the situation:—

(1) that the assessment should be reduced to the level of the original settlements, or

(2) that a portion of the existing rates should be remitted temporarily (the exact figure suggested varying from 12½ to 25 per cent).

The majority of the members are against any general percentage reduction of the land revenue. In their view, the plea for any kind of general remission has lost much of its force owing to the marked increase which has since occurred in the prices of the more important agricultural products of the State, such as ragi, paddy, jola and horsegram. The difficulties, arising as a result of untimely and inadequate rainfall, are essentially of a local character and cannot require or justify any general remission. The land revenue assessment now prevailing is well within the conventional one-sixth of the gross produce or half the net produce, and it cannot be said that the pitch of assessment itself is too high. The proposal to reduce the assessment all round by a definite percentage fails to discriminate between cases which deserve relief and those which do not. While it would result in a substantial loss of revenue to the State, there is no certainty that the measure would bring any tangible benefit to the agriculturists as a majority of khatedars are small landholders who have been paying their assessment without much difficulty. Government consider, after a careful consideration of the dissenting views expressed by some members, that a percentage reduction, irrespective of other conditions, is neither necessary, nor just, nor expedient, and that it will be far more beneficial

to adopt a policy of discriminating relief, of which the principal features are the following:—

(1) Grant of remissions on a liberal scale in tracts which suffer from a failure of crops coinciding with a slump in prices;

(2) Moderation of several miscellaneous revenue demands which form in some taluks a considerable addition to the land revenue assessment; and

(3) Relaxation of coercive processes for collection of revenue.

Government accordingly passed orders suspending the collection of land revenue and miscellaneous demands in certain affected tracts to the extent of Rs. 4½ lakhs and sanctioning remission of half wet assessment to the extent of Rs. 2½ lakhs in the case of tanks which received an inadequate supply of water.

Reduction of mutation fees.

9. The Committee considered that the existing rate of mutation fees, namely, eight annas for a survey number, subject to a maximum of Rs. 5 for all the numbers in a village included in a transaction is heavy. They, therefore, recommend that this rate may be reduced to four annas per survey number, subject to a maximum of Rs. 2. The Revenue Commissioner and the Director of Land Records, who were consulted in the matter, are not in favour of the proposal. Government consider that, as the scale of mutation fees has already been revised and the amount now levied only covers the cost of establishment, it cannot be further reduced.

Tank maintenance charges.

10. The Committee bring to notice that the amount recovered from the raiyats for their neglect to carry out tank maintenance work is sometimes excessive. Prior to 1927, the maximum amount that could be levied on this account, in cases of cumulative neglect, was limited to one year's assessment on the lands included in the *atchkat* of the tank. As this limitation tended to put a premium on neglect, it was modified in 1927 so as to allow of the recovery, in suitable cases, of the entire expenditure incurred for the purpose. The Committee consider that there might be justification for recovering the entire expenditure in cases where the raiyats have wilfully or defiantly neglected the work. But in other cases, they recommend that, until general conditions improve, the maximum limit of the raiyats' liability may be restricted as before to one year's assessment on the *atchkat* lands. Government are not in favour of changing the rules as suggested. They are, however, pleased to authorise the Revenue Commissioner to waive a part (or where necessary, even the whole) of the demand against the raiyats under this head in respect of works taken up during the period of distress for providing labour to the people.

Acreage contribution.

11. As regards acreage contribution recoverable from the raiyats benefited by the restoration or improvement of works of irrigation, the Committee point out that, although the maximum period allowed for payment is ten years, the periods actually fixed are much shorter. As the rate of contribution is rather high and the payment of one-tenth of this amount every year together with the water-rate, may in some cases, be a heavy burden, the Committee suggest that, in cases where the contribution or a substantial part of it is not recovered in a lumpsum before an irrigation work is commenced, its collection may be spread over a sufficiently long period, so that the raiyats can easily pay the same out of their income from the benefited lands. Government accept the recommendation of the Committee and direct that, during the period of depression, the number of instalments of acreage contribution in respect of works of irrigation restored or improved be fixed at ten in the case of works costing less than Rs. 25,000. In the case of larger irrigation works, more than ten instalments are allowed in practice. In special cases, where the raiyats experience difficulty in payment, Government will be prepared to permit the recoveries being either postponed or the annual instalments being reduced.

Agricultural indebtedness and Scheme of Conciliation.

12. The Committee estimate that the total agricultural indebtedness in the State amounts to not less than 35 crores of rupees. They further understand, from enquiries made, that the volume of debt is on the increase and that, in a fairly large number of cases, the debt is very nearly equal to, if not greater than, the value of the assets. The principal measures recommended by the Committee to deal with this situation are the expansion of land mortgage banks in order to enable the agriculturists to convert

their debts to long-term loans which may be repaid out of current income, and the reduction of agricultural debts by conciliation between debtors and creditors. The operations of the Mysore Co-operative Land Mortgage Bank have already been extended to twenty-two taluks and it is the desire of Government that the scheme should be extended as rapidly as possible to other parts of the State also. There will, however, remain a large number of cases in which it is impossible for the debtors to discharge their liabilities in full, even though converted into long-term loans. To deal with such cases, a scheme of composition of debts of agriculturists, through Conciliation Boards, has been recommended by the Committee. After considering the recommendations made in this respect by the Royal Commission on Agriculture and the Indian Banking Enquiry Committee and examining the schemes of conciliation attempted in Bhavanagar, the Central Provinces and the Punjab, the Committee have formulated the following scheme :—

A debtor or any of his creditors may apply to the Civil Court of competent jurisdiction to effect a settlement. The Court may appoint a Conciliation Board consisting of three to five members, of whom an equal number will be nominated by the debtors and the creditors respectively, the Chairman being selected by the Court. The Board will call upon the debtor and his creditors to explain their respective cases and endeavour to secure an amicable settlement, and for that purpose, it will have the power to require the attendance of witnesses and the production of documents and to receive evidence. It may submit for the opinion of the Court any question of law involved. If all or any of the creditors come to an amicable settlement with the debtor, such settlement will be reduced to writing in the form of an agreement, recording the amounts payable to the creditors and the manner in which, and the times at which, they are to be paid. The Court shall pass a decree in terms of such agreement. If a debtor makes default in paying any amount fixed under a decree, such amount will be recoverable, in the first instance, as an arrear of land revenue on the application of the creditor, made within 90 days of the date of default, and if the Deputy Commissioner fails to recover any part of the amount as an arrear of land revenue, the matter should be reported to the Civil Court, and thereafter, the amount will be recoverable through the processes of the Court. If, however, any creditor does not come to an amicable settlement, the Board may, if it is satisfied that the debtor has made a fair offer, which the creditor ought reasonably to have accepted, grant the debtor a certificate in such form as may be prescribed in respect of the debts owed by him to such creditor, provided that the creditors to whom not less than 40 per cent of the debts are due have come to a settlement. In the event of a creditor filing a suit for the recovery of debts in respect of which a certificate shall have been granted, the Court shall not allow the plaintiff any costs in such suit, or any interest on the debt after the date of certification in excess of simple interest at six per cent per annum on the amount due on the date of such certificate, and if the suit is in respect of an unsecured debt, the execution of the decree passed in the suit shall be postponed till all amounts due under the settlement are paid, or till the agreement has ceased to subsist. Reference to Conciliation Boards is proposed to be limited to cases in which the total amount of debt does not exceed Rs. 10,000.

Conciliation : voluntary or compulsory.

13. The Committee are not unanimous on the question whether conciliation should be voluntary or compulsory. Some members consider that the principle of compulsory conciliation would affect the credit of the agriculturists and that therefore the scheme should be only on a voluntary basis. While all the members are agreed about the desirability of introducing a scheme of voluntary conciliation, some of them are inclined to doubt whether this would, by itself, be sufficient. The latter therefore suggest that, while the scheme might generally be of a voluntary character, the possibility of having to introduce some measure of compulsion should not be overlooked and that suitable legislation should be undertaken to enable Government to extend the scheme on a compulsory basis in areas in which it is found to be necessary or expedient. As regards the means of repaying the conciliated debt, the Committee are of opinion that the payment of the debt by the State either in cash or by bonds is out of the question, in view of the largeness of the amount involved. They therefore suggest

that, wherever possible, efforts should be made to pay off the liquidated debt or a portion of it through co-operative societies or land mortgage banks according to the length of the term over which the recovery has to be spread. The Committee recognise that these agencies can help only in cases where the debtor has adequate security to offer and that there will still remain a class of debtors whose conciliated debt, being far in excess of their assets, must be dealt with in a different manner. They recommend that such debtors should be afforded a chance of surrendering all their assets and of being adjudged insolvents so that they may earn their living freed from the perpetual bondage of an impossible debt.

Scheme of conciliation as modified by Government.

14. Government agree with the Committee that a scheme of debt conciliation may be introduced as an experimental measure in a few selected areas. The scheme proposed by the Committee is generally acceptable, but a few modifications appear to be necessary. The Committee's proposal to have Conciliation Boards *ad hoc* for each case may lead to a want of uniformity regarding the guiding principles and procedure adopted by different Boards in the same locality. It is necessary that, in the settlement of cases, some general principles should be uniformly followed. In this view, a permanent Board for each local area, to deal with all the cases arising there, appears to be necessary. The Conciliation Board should moreover be in a position, as recommended by the Committee, to negotiate loans, wherever necessary from a land mortgage bank or co-operative society, as the creditor will expect payment in cash of the reduced amount of the debt. All this requires that, for each local area, there should be a permanent Board and it is desirable that the Chairman of the Board should be an official. There should be two or more additional members of the Board who should be appointed by Government. The Board's decision should be regarded as a decree binding on the debtor and the creditor, if they agree. Where there are several creditors, the decree will be binding only if the settlement is agreed to by creditors to whom not less than 50 per cent of the debts are due. Where there are both secured and unsecured debts, the further condition should be satisfied that creditors, to whom not less that 50 per cent of the secured debts are due, agree to the settlement. When a settlement is arrived at, the Board will attempt to arrange payment to the creditors of the amounts of their debts as settled through a land mortgage bank or a co-operative society and where this is not possible, the amount due will be recovered by the Deputy Commissioner as an arrear of land revenue. If it is not recovered, the agreement (as regards time and manner of payment of the reduced debt) will cease to subsist and creditors will have their usual remedies through the Civil Court (by way of execution proceedings). No court fees will be levied, but stamp duty will be only as for applications. In cases where the liquidated debt is far in excess of the assets, the Conciliation Board may act as an Insolvency Court, as proposed by the Committee. A scheme, as outlined above, is what Government have provisionally in view, subject to further consideration and examination of details, in consultation with the High Court.

Agriculturists' Relief Regulation.

15. The Agriculturists' Relief Regulation of 1928 which has been extended to all parts of the State was enacted in order to prevent the sale of agricultural land on account of debts of the cultivator which are not secured by a mortgage on the lands, and to permit agriculturists to pay their debts in instalments. It has been reported that this has adversely affected the credit of the agriculturists. The Committee consider that, with the introduction of certain safeguards, the Regluation is bound to prove of benefit to the agriculturists. The question of amending the Regulation, in order to meet the objections urged against it, was referred to a separate Committee presided over by *Rajasabhabhushana Diwan Bahadur* K. R. Srinivasa Iyengar, and action has already been taken to amend the Regulation on the lines proposed by that Committee.

Report of the Malnad Depression Enquiry Committee.

16. The problems arising from agricultural depression in the malnad parts of the State were enquired into and reported upon by a Committee appointed by Government and the Committee suggest that that report may be treated as supplementing their present proposals. Orders on most of the recommendations contained in that report have been issued already.

No. R. 2652-723—L. R. 208-34-4, DATED 30TH OCTOBER 1935.

Percentage of security up to which loan should be granted by the Land Mortgage Bank.

17. The Central Co-operative Land Mortgage Bank has at present been granting loans up to 50 per cent of the value of the properties hypothecated. The Committee consider that, in view of the fall in land values due to depression, a margin of 50 per cent is unduly restrictive, and propose that, having regard to the possible increase in the value of lands, the limit up to which loans may be sanctioned may be raised to 70 per cent of the present market value. Government accept this recommendation of the Committee. Separate action will be taken to amend the Bye-laws of the Land Mortgage Bank.

Extension of co-operative societies in the State.

18. The Committee consider that, as pointed out by the Royal Commission on Agriculture and various other authorities, the greatest hope for the salvation of the rural masses from their crushing burden of debt lies in the growth and spread of a healthy and well-organised co-operative movement, based upon the careful education and systematic training of the villagers. They suggest that strenuous efforts should be made to increase the number of co-operative societies and improve their working, and that these societies should, in addition to providing the credit necessary, educate the raiyats and promote in them the qualities of thrift and prudence. Government are in general agreement with the views of the Committee in regard to the part that co-operative societies may play in improving the economic condition of the raiyats.

General suggestions for rural improvement.

19. The Committee have concluded their report by making some general suggestions relating to permanent measures of rural improvement. Some of them are briefly referred to below :—

(1) *Improvement of Agriculture.*—The Director of Agriculture has appended a Note to the report, indicating the lines on which the efficiency of agriculture may be improved and the raiyats enabled to realise the maximum amount for their labour. Improvement in irrigation facilities, growing of better-yielding varieties of crops, use of more efficient implements and better manure, conservancy and utilization of farm manure on a larger scale and improvement in the business of farming itself so as to reduce the cost of cultivation and increase the volume of the output are among the most important measures recommended for adoption. These questions fall mostly within the normal functions of the Department of Agriculture and Government desire that the department should spare no pains to show substantial progress under these heads.

(2) *Irrigation Facilities.*—The Committee consider that the efficiency of agriculture could be greatly improved by providing irrigation facilities which will make agriculture less dependent on the vagaries of nature. They recommend that as many tanks as possible should be restored at a very early date and that steps should be taken to popularise the scheme of irrigation wells. Wherever they are likely to be successful, suitable advances should be given to the raiyats for constructing such wells. The Chief Engineer, who was consulted in the matter, considers it desirable to have a number of inexpensive wells sunk in the *atchkat* of selected tanks by making use of reinforced cement steining rings at a cost of about Rs. 200 per well. He is preparing a type plan for such a well and proposes to have the plan and estimate printed and circulated widely for information through the revenue authorities. Government have also passed orders recently directing the deputation of an Engineering Officer to investigate the possibility of encouraging the construction or improvement of irrigation wells in one of the affected tracts of the Kolar District, and they will be glad to provide all possible facilities for the construction of such wells. As regards a systematic programme of tank restoration works, the Chief Engineer considers that, so far as major irrigation works are concerned, there is no particular need at present to formulate any special programme as the present commitments are as heavy as Rs. 60 lakhs and it will take six years to complete the works on hand. As regards minor tank restoration, he has asked for a grant of Rs. 5 lakhs for the current year based on fifty-year programme. Separate orders will be passed on the proposal in due course.

(3) *Subsidiary Occupations for the Raiyats.*—The Committee are of opinion that greater effort should be made to develop subsidiary rural industries in order to

provide some profitable occupation to the raiyats during their spare time so that the income derived may supplement their resources and help them to improve their economic position. This question is engaging the attention of the Department of Industries and the Board of Industries and Commerce. Separate orders will be issued on receipt of definite proposals from the Director of Industries and Commerce on the subject.

20. The other recommendations which have not been dealt with in this order are under consideration, and orders on them will be issued in due course. Government wish to place on record their appreciation of the comprehensive and thorough manner in which the Committee have, under the guidance of the Chairman, Mr. N. Madhava Rau, dealt with the questions referred to them, and the lucid and practical manner in which they have formulated their proposals, and they direct that their thanks be communicated to the Chairman and the members of the Committee.

A. V. RAMANATHAN,
Chief Secretary to Government.

To—The Revenue Commissioner in Mysore.
The other Heads of Departments.
The Secretaries to Government.
The Deputy Commissioners of Districts.
The members of the Committee.
PRESS TABLE.

Exd.—C. K.

WD 1491—GPB—300—11-8-89

No. R. 2652-723—L. R. 208-34-4, DATED 30TH OCTOBER 1935.

ANNEXURE I.

Interim recommendations of the Committee and orders of Government thereon.

Recommendations	Orders of Government
I. Grant of Takavi Loans.—	
(*i*) Deputy Commissioners should be instructed to grant takavi loans liberally under the rules to all agriculturists (including Shikmidars, Mulgenidars, etc.) who have transferable and saleable interests in land; (*ii*) in the case of those agriculturists (*e.g.*, tenants) who may not have any saleable interest in land, such loans may be granted with the consent of the owner of the land, if he offers the land as collateral security; (*iii*) instructions should be issued to the local officers to dispose of applications for loans promptly, within two or three months; (*iv*) the rate of interest may be reduced to four per cent for a period of two years; and	The proposals were sanctioned in G. O. No. R. 34-43—L. R. 221-33, dated 17th October 1934, for one year. The grant in each individual case was ordered to be limited to Rs. 100. The allotment for the year was increased from Rs. 80,000 to one lakh of rupees.
(*v*) Government may increase the budget provision for the grant of loans to the extent necessary, the allotment being immediately raised by one lakh of rupees.	This provision was further increased to Rs. 1½ lakhs in G. O. No. R. 3935-36—R. M. 36-34-4, dated 12th February 1935.
II. Liberal Instalments and Publication of Rules.—	
(*i*) In granting loans for permanent improvements involving heavy outlay, sanctioning officers should be required to fix the number of instalments in a liberal manner so that the income from land may leave enough for the current demands of cultivation and the raiyat's personal requirements; and (*ii*) wide publicity should be given to the Takavi and Land Improvement Loan Rules so that the agriculturists in the remote villages may avail themselves of the facilities offered by Government.	Government accept both the recommendations. The Revenue Commissioner is requested to issue necessary circular instructions to the subordinate Revenue Officers.
III. Recovery of Loan Dues.—	
(1) Deputy Commissioners of Districts may be authorised to suspend the repayment of instalments of Land Improvement and Takavi Loans due during 1934-35 and in special cases, suspend the repayment of one instalment in arrear, if such repayment was found to be unduly burdensome; (2) such relief should be given only on the application of the party; (3) When the payment of one or two instalments is thus postponed, all the remaining instalments due on the loan should be postponed for one or two instalment periods and no additional interest need be charged by reason of the suspension; and (4) the power of granting suspensions may be vested with Amildars so that the benefit of the concessions might be more easily availed of by the raiyats.	The proposals were approved in G. O. No. R. 2532-42—L. R. 221-33-36, dated 27th November 1934, with the modification that the recovery of interest need not be waived as it is likely to tempt people who can afford to pay to withhold payment. The Committee have urged a reconsideration of the order regarding the waiving of interest on suspended instalments. But Government regret their inability to accept this recommendation. Individual cases of hardship will, however, be considered on their merits.

No. R. 2652-723—L. R. 208-34-4, DATED 30TH OCTOBER 1935.

Recommendations	Orders of Government
IV. Decrees of Co-operative Societies against debtors who are Agriculturists.— (i) In the case of decrees which have been obtained in respect of fresh loans granted recently, further time of five or six months till the next harvest season may ordinarily be granted. If in any case such extension will be detrimental to the recovery of the amount, the Society concerned may make a special application to the Assistant Registrar for immediate steps being taken; (ii) while no postponement of execution need be given in the case of decrees which relate to very old loans in respect of which there has been continued default by the members, even in these cases, if all interest up-to-date and a small portion of the principal, say 12½ per cent, is paid, Revenue authorities may suspend execution and return the cases to the Assistant Registrars for further instructions. The Assistant Registrars may advise in all deserving cases the grant of fresh loans by the Societies; and (iii) in regard to the suits filed during the year 1934-35, the Assistant Registrars may be instructed to grant time till the next harvest season for payment of all interest up-to-date and a portion towards the principal, ailing which the decrees may be sent for execution.	These proposals were sanctioned in G. O. No. 2670-740—C. S. 18-34-2, dated 10th October 1934.

ANNEXURE II.

Recommendations contained in the Committee's report on which orders have been passed already.

Recommendations	Orders of Government
I. Remission under Breached Tanks.— If the occupant of a land under a breached tank raises only dry crops and the prospect of the tank being repaired is remote, dry assessment may be levied in lieu of half the wet assessment leviable under the existing rules as contained in Paragraph 234 of the Mysore Revenue Manual, Vol. I.	The following addition to the existing rule was ordered in G. O. No. R. 4304-15—L. R. 254-34-2, dated 5th March 1935:— In cases where the tank is, for all practical purposes, abandoned for an indefinite period and no wet crops have been raised under it for three successive years, a temporary assessment at the maximum dry rates prevailing in the village, may be levied as Bengar kandayam, with the sanction of the Revenue Commissioner, the balance of wet assessment being shown as a remission.
II. Reduction of Record of Rights Fees.— (a) The scale of Record of Rights fees which was recently reduced to Rs. 1-8-0 per *hissa* may be further reduced to Rs. 1-4-0.	The fees were reduced to Rs. 1-4-0 per *hissa* in G. O. No. 3852-4—L. S. 19-34-7, dated 12th February 1934.
(b) The Record of Rights Scheme may not be extended during the period of depression to taluks where the recovery of the fees might entail a serious addition to the existing revenue burdens.	This suggestion will be kept in view when the question of introducing the scheme into new taluks comes up for consideration.

REPORT OF THE COMMITTEE APPOINTED BY GOVERNMENT IN THEIR ORDER No. P. 1300-11—LEGIS. 20-34-2, DATED THE 8TH SEPTEMBER 1934, TO REPORT IN WHAT RESPECTS, IF ANY, THE MYSORE AGRICULTURISTS' RELIEF REGULATION REQUIRES TO BE AMENDED.

We may be permitted to preface our report with a brief account of the circumstances which gave rise to the appointment of this Committee. In their Order No. L. 1891-902—Sany. 50-24-13, dated the 8th September 1925, Government appointed a Committee with Mr. K. Chandy, Member of Council, as Chairman, to consider the report made by the Special Economic Survey Officer for the Malnad appointed by Government in 1925. The Committee having, among other proposals, recommended legislation being undertaken by Government on the lines of the Deccan Agriculturists' Relief Act for the relief of indebted agriculturists in the State, a note on the subject was placed before the Representative Assembly at the Budget Session of 1926, and a Bill introduced before the Legislative Council in December 1926. After going through various stages, the Bill was finally passed into law in July 1928.

2. Though the enactment had its origin in the recommendation of the Committee appointed to consider the question of improvement of the Malnad, its provisions were made applicable to any part of the State to which it might be extended by a notification issued by Government under Section I of the Regulation. The operation of the Regulation was, in the beginning, restricted to the three Malnad Taluks of Manjarabad, Sagar and Koppa. But subsequently, on the recommendations made by the Malnad Economic Depression Enquiry Committee appointed by Government in April 1931 for the extension of the Regulation to all Malnad Taluks in the State and on the representations made to Government in the Representative Assembly for its extension to all parts of the State including the Maidan, Government in their notification, dated the 30th December 1933 directed the extension of the Regulation to all parts of the State with effect from 1st January 1934. Representations having been thereupon made and a resolution moved at the Budget Session of the Representative Assembly in June 1934 protesting against the Government Order directing the extension of the Regulation on the grounds that it had adversely affected the honest money-lender and had also resulted in considerable shrinkage of agricultural credit, and the question having formed the subject of discussion at the following session of the Legislative Council, the Government promised to appoint a Committee to go into the question. Accordingly, this Committee was appointed by Government in their Order No. P. 1300-11—Legis. 20-34-2, dated the 8th September 1934 with the undermentioned personnel to examine how far the extension of the Regulation to the whole State has affected the credit of the agriculturists and report in what respects, if any, the Regulation requires to be amended and to submit also a draft Bill embodying the recommendations of the Committee for any legislation that may be required.

1. *Rajasabhabhushana* K. R. Srinivasiengar, M.A.,
   Retired Member of Council, Chairman of the Committee.
2. Mr. N. Madhava Rau, B.A., B.L.,
   Revenue Commissioner in Mysore.

3. Mr. S. Abdul Wajid, B.A.,
General Secretary to Government.

4. Mr. A. R. Nagesvara Iyer, B.A., B.L.,
Government Advocate.

5. Mr. S. Venkatakrishnaiya, B.A., B.L.,
Retired District Judge and President,
Mysore Provincial Co-operative Apex Bank.

6. Mr. M. Ramachandra Rao Sindia,
Member of the Legislative Council.

7. Mr. K. Chengalaraya Reddy, B.A., B.L.,
Member of the Legislative Council.

8. Mr. K. Srikantaiya,
Member of the Legislative Council.

9. Mr. S. C. Mallaiah,
Member of the Legislative Council.

10. *Khan Bahadur* Mohamed Abbas Khan,
Member of the Legislative Council.

11. Mr. Hosakoppa Krishna Rao,
Member of the Representative Assembly.

Mr. S. K. Venkataramana Aiyar, B.A., B.L., Acting Assistant Commissioner, was appointed as Secretary to the Committee.

3. The Committee held six meetings on the undermentioned dates:—

11th October 1934	14th December 1934
11th November 1934	18th December 1934
1st December 1934	28th December 1934

A copy of the detailed proceedings of each of these meetings is attached to this report for the perusal of Government.

4. On receipt of the Government Order constituting the Committee, a notice was published in the *Mysore Gazette* of the 21st September 1934 and also the leading newspapers in the State inviting the opinion of the public on the terms of reference to the committee and in particular in regard to the following aspects of the question:—

(1) The disabilities and difficulties to which the creditors have been subjected in the matter of the recovery of their dues from the agriculturist debtors by reason of the operation of the Regulation.

(2) The extent to which the operation of the Regulation has affected the credit facilities of the agriculturists.

(3) The lines, if any, on which the provisions of the Regulation may be amended so as not to affect the creditor prejudicially, while securing the object with which the Regulation has been enacted.

Copies of the notification were sent to the Deputy Commissioners for distribution among important persons in their districts. A few gentlemen were also directly addressed and requested to favour the committee with their views in the matter. In response to the invitation, 79 persons (including representatives of Banks and Associations) as per list attached, have favoured us with their opinions. Besides, two deputations—one consisting of landholders in the Malnad and the other consisting of representatives of the Grain Merchants' Association, Bangalore—met the Committee by appointment and made oral representations of their case.

Our acknowledgments are due to all these persons for placing before us all aspects of the question under consideration.

5. The opinions furnished and the representations made to us cover almost the entire field of the Agriculturists' Relief Regulation, and the amendments suggested relate to almost every Section of the Regulation as detailed in the appended statement. As most of these amendments aimed either at enlarging or at restricting the scope of the Regulation and did not, therefore, fall within the terms of reference, we did not consider it necessary to examine all of them and have confined ourselves to only such of the amendments as are covered by, and have a material bearing on, the terms of reference.

6. The strongest argument adduced before us against the extension of the Regulation is that the drastic provisions of Section 14 of the Regulation prohibiting the creditor from proceeding against the immovable property of the agriculturists other than those mortgaged for the debt has placed the unsecured creditor entirely at the mercy of the debtor. His only means of recovering his money is by the attachment and sale of the moveable properties of the debtor. It is a matter of common knowledge that the class of agriculturists who come under the purview of the Regulation possess little or no moveable properties worth anything. The Civil Procedure Code has in Sections 60 and 61 exempted certain kinds o, moveable properties of the agriculturist-debtor from attachment and salef and such of the other moveables as the small agriculturist-debtor possesses are generally insignificant and could be easily transferred or kept out of the reach of the creditor. Even in respect of the attachment and sale of the crop grown on the debtor's land, Order 38, Rule 12, Civil Procedure Code, prevents attachment before judgment of agricultural produce and the debtor can easily frustrate the attachment either by alienating the properties themselves or by entering into long leases of the properties so that the crops may not be available to the creditors. It is urged and with great force that there is no reason why an unsecured creditor should be prohibited from bringing to sale in execution of his decree the immovable properties of the debtor, while the latter is left free to alienate them to third persons in derogation of the equities in favour of the creditor. It is stated that in the circumstances mentioned above, settlements of debts out of court have become uncommon and that even the honest agriculturist-debtors have been tempted to defy the creditors and to drive them to court with the result that the recovery of the debts is either indefinitely postponed or defeated altogether. The long period which may be allowed by the court for the payment of the decree amount by instalments and the absence of adequate provision to enforce the payment of the instalments as they fall due has also been represented as hindering the due recovery of the debts even when they are secured and to operate as a hardship, particularly in the case of money-lenders who have invested all their money in granting loans or who may have been carrying on this profession from moneys borrowed from others.

7. In view of the disadvantages referred to above, the creditors are said to be more anxious to recover their old dues than to lend afresh. Even small loans for the direst necessities of the agriculturists are reported to have become difficult to obtain. Securities are invariably demanded for all borrowings and loans can be had only on the pledge of either moveable property or on the mortgage of immovable property. Documents for much larger amounts than those actually advanced are said to be prevalent. Even in the case of transactions intended to operate as mortgages, some creditors are stated to be insisting on the outright sale of the property in order to avoid the possibility of having to accept payment in instalments which the court can grant in decrees for mortgage debts. One of the witnesses has stated that with a view to avoid the transactions being

reopened in courts, suits for amounts to be advanced are being filed and decrees by consent obtained before the loan is actually granted. There is a general concensus of opinion, though a few persons have expressed themselves otherwise, that as the result of the drastic provisions of the Regulation referred to above, the credit of the agriculturists is greatly curtailed, with the result that they are finding it increasingly difficult to obtain even small loans required to meet their urgent and unavoidable demands. This opinion was fully supported by the deputation of the Malnad agriculturists who gave oral evidence before us and they had no objection whatever to concede to the unsecured creditor also the right to proceed against the immovable properties of the debtor, as they consider that this will not materially prejudice the honest debtor who has no desire to deprive his creditor of his dues under the cover of the Regulation.

8. The Deccan Agriculturists' Relief Act on which our Regulation was mainly based was passed soon after a serious agrarian trouble, when the consequences of the drastic provisions referred to above in respect of unsecured debts could not have been foreseen. But even under this Act, power is given under Section 22 for the court to direct the collector to take possession of the immovable properties of the judgment-debtor for the benefit of the decree-holder under certain conditions. The necessity for giving adequate protection to the unsecured creditor has now come to be generally recognised and the United Provinces' Bill which has been passed by the Legislative Council of the province and is said to be awaiting the sanction of the Governor makes suitable provision in this respect.

9. With the above observations, we shall now proceed to deal with the several amendments to our Regulation that have been suggested to, and that are proposed by us.

Section 2 of the Regulation.—Almost every person consulted has taken exception to the definition of the term agriculturist as contained in Section 2 of the Regulation, some—representing agriculturists—being for widening the scope of the definition, while others—representing creditors—are for restricting it. It is also brought to our notice that it is not clear whether the term "income" used in the definition represents gross or net income. We are advised that "income" without any qualifying expression means gross and not net income. The determination of the income—whether gross or net—is said to necessitate the taking of evidence entailing considerable delay in the determination of the preliminary issue regarding the status of the debtor. A definition based on the acreage or assessment of the debtor's property has been suggested to us as simpler and more easily workable. But this has equally its disadvantages and defects. Having considered all aspects of the question, we think that the present definition is least objectionable and that it does not require any alteration.

10. Sections 11 and 12 of the Regulation empower the courts to order the payment of the decree amount by instalments extending over a period not exceeding eight years unless in the opinion of the court a longer period is necessary. The provision regarding the grant of instalments is not new; and even before the enactment of this Regulation, the courts had the power to order payment by instalments in the case of money decrees under Order XX, Civil Procedure Code. This provision has been criticised from opposite sides. Some persons have suggested that the maximum period should in no case be as long as eight years and that in any case the courts should have no power to enlarge this period under any circumstances. On the other hand, it has also been represented that the courts have not been sufficiently liberal in fixing the period for payment, and that the period should be raised to sixteen years. In our view, the existing provision in this behalf is generally suitable; but we think it is desirable that the considerations to be borne in view in fixing the number of instalments should be definitely laid down so as to afford less scope for

a variety of practice in the several Courts. We would, accordingly, suggest that a new section may be added as section 12 A laying down that in fixing the instalments under Sections 11 and 12, the courts should be required to take into consideration the period that the loan has been outstanding and also the repaying capacity of the judgment-debtor.

11. Sections 11 and 12 as at present enacted empower the courts to deny future interest when ordering payment by instalments. We consider that while the court may have power to fix the rate of future interest at such moderate rate as it may consider proper with due regard to all the circumstances, it should not be empowered to deny future interest altogether. We would, therefore, propose that both these sections might be modified so as to admit of future interest being allowed at a moderate rate at the discretion of the courts.

12. Our attention has been drawn to the absence of any provision regarding the procedure to be adopted in case of default of payment of the instalments by the debtor. While the Regulation provides that the amount may be ordered to be paid in instalments, the courts do not at present seem to have any power to direct that on default of payment of any one or more instalments, the whole of the remaining sum shall become due. The creditors are thus left without adequate remedy where the instalments remain unpaid, the attachment of movables and crops being often impossible or unavailing. We propose, therefore, that a new Section, somewhat similar to that contained in the United Provinces Bill be added as 12 B empowering the courts to direct that in the event of failure to pay two consecutive instalments the whole debt should become due and be recoverable by proceeding against the properties of the judgment-debtor.

13. The most important section to which our attention has been specially drawn is Section 14. As observed in paragraph 6 above, with the immovable property kept free from attachment and sale and with no restrictions placed on the debtor against alienating them to the prejudice of the creditors' interest, it is rightly apprehended that the recovery of unsecured debts is practically rendered impossible. For reasons which have already been given, we consider that while affording every possible protection to the honest agriculturists, provision should be made to prevent the unscrupulous debtor from alienating his immovable properties so as to defeat the creditors' interests. We suggest, therefore, that a clause be added to Section 14 so as to provide for security being demanded from the judgment-debtor for the regular payment of the instalments fixed by the Court and in case of his failure to furnish it, for ordering the attachment and sale of his immovable properties or declaring a charge thereon till the decree amount is fully paid up. It may be observed that with the amendments that we have suggested, the debtor will ordinarily enjoy all the protection that he now has under the Regulation, and it is only when a case is made out by the creditor for the attachment of his properties or for a charge being created on it that this will be ordered by the Court and that even then the debtor will be given an opportunity to furnish security before any such order is passed.

We also propose that for the words "immovable property" in line one of Section 14, the words "agricultural lands" may be substituted as there is no reason why non-agricultural properties such as houses other than the debtor's dwelling house which is exempt under the Civil Procedure Code, should be exempted from attachment and sale.

14. In view of the proposed removal of the exemption of immovable properties from attachment even in respect of unsecured debts, we consider that provision may be made also for the attachment of the properties before judgment and accordingly propose for the purpose a new clause to be added to Section 14 as clause (3).

15. As a consequence of the amendment proposed by us above, we suggest that the words "or, by an order of Court" be inserted between "operation of law" and "or in favour of Government" in paragraph 2 of Section 20.

16. Under Section 74-A of the Deccan Agriculturists' Relief Act, the provisions of the Act are declared to be not applicable to any matter to which any Society registered under the Co-operative Credit Societies' Act is a party. The objects and reasons for providing this exemption are clearly explained in the proceedings of the Legislative Council of Bombay and we quote below the same. (*Vide* pages 351-352 of Gupte's Deccan Agriculturists' Relief Act.)

"The Co-operative Credit Societies have been started and one of the principal objects aimed at is to free cultivators from their old debts with usurious interests. They are thus bodies working in the best interests of the cultivating classes themselves. In the main object therefore, the institution of these societies aim at the same end as the Agriculturists' Relief Act, and the two measures ought to work without friction. The Societies were started not as rival bodies competing with the ordinary money-lenders but in the hope that they might be induced to invest their capital or part of it with these societies.

"It must be clear to every reasonable person that transactions which are entered into by these registered societies with their members under by-laws which have to be approved by a responsible government officer (the Registrar) need not be subjected to all the jealous scrutiny of the Deccan Agriculturists' Relief Act. There is always a guarantee that the interest charged by them on their transactions with their members will not be unreasonable or exorbitant. While therefore on the one hand agriculturists did not require to be protected from the registered societies, on the other hand the registered societies were fairly entitled to every assistance in the recovery of their just dues from fraudulent defaulters. It is intended by this Section to exempt all transactions between the Societies and their members from all the provisions of the Act except the beneficent provisions of Section 21 which prevent agriculturists from being arrested and imprisoned in the execution of money decrees against them. The by-laws framed show that there cannot be any scope for the suggestion of any grasping or inequitable features in the transactions and the removal of disabilities and restrictions at present imposed by the Act will, it is expected, only conduce to the healthy and vigorous development of rural societies. At the same time, it will serve to assist the process of building up a free and independent peasantry."

We entirely agree with the sentiments expressed in the above passage and consider that as the co-operative credit societies are intended to work in the interests of the agriculturists and their aim unlike that of many of the money-lenders is not to deprive the agriculturists of their holdings, it is desirable to provide for a similar exemption in respect of these societies from the operation of the Agriculturists' Relief Regulation.

Some of the Joint Stock Banks have also asked for a similar exemption but their cases are not on all fours with that of the co-operative institutions in that they all work for the benefit of the shareholders and are not controlled by the Government or its officers in regard to the interest charged, etc. We are, therefore, not in favour of recommending any exemption in favour of Joint Stock Banks.

Even in respect of Co-operative Societies, we consider it desirable that instead of exempting all of them generally from the operation of the Regulation, the Government should be empowered to exempt particular societies or classes of societies at their discretion so that this concession may be shown by them only to such of the societies as they consider to be deserving thereof by conforming to any conditions that may be imposed by them regarding the rate of interest charged by them to the agriculturists or other matters. We have accordingly suggested the insertion of a new Section as Section 25-A for this purpose.

17. As desired in our terms of reference, we have appended to this Report a draft Bill incorporting the amendments to the Regulation which we have recommended in the above paragraphs.

18. Before concluding, we desire to place on record the very valuable help rendered to us by the Secretary, Mr. S. K. Venkataramana Aiyar. It was no easy task for him, saddled as he simultaneously was with the heavy work of another important Committee, to study all the literature bearing on the subject, including similar enactments in force or in contemplation in other parts of India, analyse the mass of conflicting opinions contained in the large number of notes sent to us and present them to us in a readily accessible form; and he has performed this task with commendable willingness and thoroughness.

K. R. SRINIVASA IYENGAR.
N. MADHAVA RAU.
S. ABDUL WAJID.
A. R. NAGESVARA IYER.
S. VENKATKRISHNAIYA.
HOSAKOPPA KRISHNA RAO (subject to supplemental note attached).
M. RAMACHANDRA RAO SINDIA.
K. CHENGALARAYA REDDY.
K. SRIKANTAIYA.
S. C. MALLIAH.
MOHAMED ABBAS KHAN.

Bill to amend the Mysore Agriculturists' Relief Regulation, 1928.

Whereas it is expedient to amend the Mysore Agriculturists' Relief Regulation, 1928, it is hereby enacted as follows.—

1. In the second sentence of paragraph 2 of Section 11 (1) (of the Mysore Agriculturists' Relief Regulation, 1928) a full stop shall be inserted after the word "rate," and the words "unless, for reasons to be recorded in writing, it deems it unnecessary to do so" shall be omitted.

2. (*i*) In the first paragraph of Section 12 of the said Regulation, a full stop shall be inserted after the word "instalments" and the words "with or without interest" shall be omitted.

(*ii*) In the second paragraph of the same section, a full stop shall be inserted after the word "rate" and the words "unless for reasons to be recorded in writing, it deems it unnecessary to do so" shall be omitted.

3. The following shall be added as Sections 12-A and 12-B.—

12-A. In fixing the number of instalments to be allowed under Sections 11 and 12 of the Regulation, the Courts shall take into consideration the period during which the loan was outstanding and the repaying capacity of the judgment-debtor.

12-B. Whenever the Court orders payment by instalments it shall direct that in the event of default in the payment of any two consecutive instalments the decree-holder may immediately enforce payment of the whole amount then remaining due under the decree.

4. (*i*) In Section 14 of the said Regulation for the words "no immovable property" at the beginning of the sentence the words "Except as otherwise provided in clauses 2 and 3, no agricultural land" shall be substituted.

(*ii*) The following shall be added as paragraphs 2 and 3 of Section 14 of the Regulation, the existing paragraph being numbered as (1).

(2) The Court may, when passing a decree for money against an agriculturist after the Regulation comes into force or at any time during the course of execution of such decree, direct the judgment-debtor for sufficient cause to furnish security for the amount of the decree, and if he fails to furnish the security required, order the attachment and sale of any agricultural land belonging to the judgment-debtor or declare a charge against such land within the meaning of Section 100 of the Transfer of Property Regulation.

(3) The provisions relating to attachment before judgment contained in Rules 5 to 12 of Order 38 of the Civil Procedure Regulation, shall be applicable to suits under this Regulation.

5. In paragraph 2 of Section 20, after the words "operation of law," the words "or by an order of the Court under Section 14," shall be inserted.

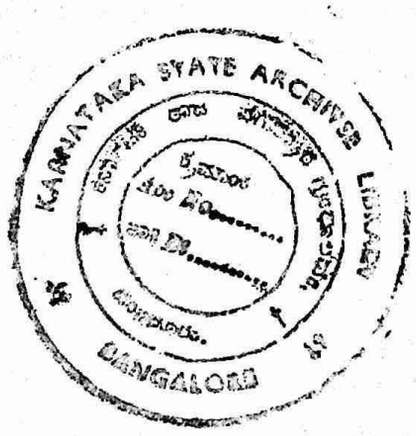
6. The following shall be added as Section 25-A.—

25-A. The Government may, by notification in the Gazette, from time to time, direct that the provisions of this Regulation, except Sections 2 and 13, shall not apply to any matter to or in which any society or class of societies registered under the Co-operative Societies Regulation is a party, and may by a similar notification withdraw the exemption in respect of any such society or class of societies.

Supplemental note by Mr. Hosakoppa Krishna Rao.

A very large concession has been made by the indebted agriculturists agreeing to allow the unsecured creditors the right to proceed against the immovable properties of the debtors. In return for the concession, the creditors should be expected to be sufficiently liberal-hearted to allow the minimum number of annual instalments to be raised to at least 16, as that would minimise the chances of default by the debtors. It should be remembered that this minimum was fixed by law at a time when the price level was high and payments according to that cannot now be successfully made by the debtors. The main and the only consideration that should weigh with the court in fixing the number of instalments should be the repaying capacity of the debtor. Any other consideration as to how long the loan has been outstanding, etc., should not be the ground in this behalf. The courts should be empowered to direct in all cases at least sixteen instalments and be invested with discretion to raise the number of instalments in proportion to the amount payable annually and the income derived from the land, the object of such a provision being the affording of facilities for liquidation of the debt without injury to the corpus of the Estate.

WD 1475—GPB—300—21-5-35.



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